



**UNITED STATES HOUSE OF REPRESENTATIVES  
OFFICE OF THE MAJORITY WHIP  
THE HONORABLE JAMES E. CLYBURN (SC-06)**

# **THE WHIP PACK**

**WEEK OF NOVEMBER 5, 2007**

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## **Bill Text and Background for the Week of November 5, 2007**

- Report on H.R. 3043 - 2008 Labor, Health and Human Services, and Education Appropriations Small Business Contracting Program Improvements
- Vote on Overriding the President's Veto of H.R. 1495 Water Resources Development Act of 2007
- H.R. 3688 - United States-Peru Trade Promotion Agreement Implementation Act
- H.R. 3355 - Homeowners' Defense Act of 2007
- H.R. 3996 - Temporary Tax Relief Act of 2007

**H.R. 3043 –DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 2008** *(Rep. Obey — Appropriations) (Subject to a Rule)*

**Bill Text:** [HTML Version](#), [PDF Version](#)

[Bill Summary and Status](#)

**Rules Committee Meeting:** Monday, November 5, 2006 at 5:00p.m. in H-313 the Capitol

**Committee:** [Committee on Appropriations](#)

**Committee Staff Contact:** 5-2771

**LEGISLATION AT A GLANCE:**

The Conference Report Priorities Package includes the 2008 Labor, Health and Human Services, and Education Appropriations bill and the 2008 Military Construction and Veterans Affairs Appropriations bill. These bills maintain our commitments to our veterans and invest in domestic priorities that will increase the strength of this nation.

This package keeps our commitment to our veterans with the largest single increase in the 77-year history of the Department of Veterans Affairs. It also invests in critical domestic priorities in the Labor, Health and Education bill with major investments into K 12 education, college affordability, increasing access to quality healthcare, medical research, worker protection and job training programs.

Both components of this package passed the House and Senate with strong bi-partisan support.

**MILITARY CONSTRUCTION AND VETERANS AFFAIRS**

\$64.7 billion, \$15 billion above 2007 and \$4 billion above the President's budget request.

**Department of Veteran's Affairs:** \$43.1 billion, \$3.7 billion over the President's budget request for veterans' medical care, claims processing personnel, and facility improvements.

- **Veterans' Health Care:** \$37.2 billion, \$2.6 billion over the President's budget request for VA hospitals and clinics, and research into conditions such as Traumatic Brain Injury (TBI) and Post Traumatic Stress Disorder (PTSD), which are among the most common problems facing Iraq and Afghanistan veterans. In 2008, the VA will treat 5.8 million patients, including about 263,000 Iraq and Afghanistan veterans.
- **Claims Processors:** \$124.2 million to provide 1800 new claims processors to address the 400,000 benefit claims backlog.

**Military Construction:** \$21.5 billion, \$306 million above the President's budget request including \$129 million to construct 16 new child development centers.

- **Guard and Reserve:** \$ 1.1 billion, \$367 million above the President's budget request.

**LABOR, HEALTH AND EDUCATION**

\$150.7 billion, \$6.2 billion above 2007 and \$9.8 billion above the President's budget request.

**Education:** \$60.7 billion, \$4.5 billion above the President's budget request, to improve education with targeted investments to:

- **Support No Child Left Behind** programs that improve K-12 education such as Title I grants to help low-income kids, teacher quality efforts, and after school programs;
- **Educate kids with disabilities** with IDEA Grants; and
- **Help families pay for college** with Pell Grants and other higher education initiatives.

**Labor:** \$12 billion, \$1 billion over the President's budget request, rejecting the President's cuts and making important investments in:

- **Job training** programs including adult, youth, and dislocated worker training and Job Corps; and
- **Worker protection** efforts at the Mine Safety and Health Administration (MSHA) and the National Institutes for Occupational Safety and Health (NIOSH).

**Health and Human Services:** \$68.5 billion, \$5.3 billion over the President's budget request for targeted efforts including:

- **Improving Healthcare** through programs like Community Health Care centers to improve healthcare access, and programs to train nurses and other healthcare professionals;
- **Medical Research** at the National Institutes of Health (NIH) to study diseases like diabetes, cancer, Parkinson's, and Alzheimer's;
- **Fighting Poverty** with Community Service Block Grants and Social Services Block Grants;
- **Helping kids** with Head Start;
- **Improving public health** with work done at the Centers for Disease Control; and
- **Helping families facing rising energy prices** with the Low Income Home Energy Assistance Program (LIHEAP).

**Social Security Administration (SSA):** \$9.9 billion, \$576 million above the President's request, helping to reduce the disability claims backlog.

**Administration Position:**  
(TBA)

**Fact Sheets & Talking Points:**  
Meeting America's Real Priorities – Choices Matter, Talking Points, Office of the Speaker

**Press Releases, News Articles & Related Information:**  
[Appropriations Conference: Summary of the Priorities Package](#), November 1, 2007

## **VOTE ON OVERRIDING THE PRESIDENT'S VETO OF [H.R. 1495](#) WATER RESOURCES DEVELOPMENT ACT OF 2007**

**Committee:** [Committee on Transportation and Infrastructure](#)

\*\*Passed the House in August 381 — 40, and in September was approved by the Senate 81-12.

\*\*Vetoed on November 2, 2007

### **LEGISLATION AT A GLANCE:**

#### **PROVISIONS IN THE H.R. 1495 CONFERENCE REPORT**

- Authorizes 48 Reports of the Chief of Engineers, including nine projects for navigation, 15 projects for environmental restoration, seven projects for hurricane and storm damage reduction, and 13 projects for flood control. Authorization of these Chief's Reports represent approximately \$11.5 billion in project authorization.
- Authorizes 138 projects under the Corps of Engineers continuing authorities programs. These are statutory authorities for small flood damage reduction, ecosystem restoration, navigation, shoreline stabilization, and projects for improvement of the environment.

- Authorizes 100 studies for the Corps of Engineers, covering all of the Corps missions of flood control, navigation, ecosystem restoration, and water supply.
- Modifies approximately 160 existing projects of the Corps of Engineers to allow the Corps to meet the needs of our nations with respect to ongoing flood control, navigation, environmental restoration, and multipurpose projects.
- Authorizes approximately 400 new projects for the Corps of Engineers, including projects for navigation, flood control, environmental restoration, recreation, and environmental infrastructure.
- Authorizes and modifies three critical programs for the restoration of coastal Louisiana, the restoration of the Florida Everglades, and the restoration of the Upper Mississippi River and the Illinois Waterway System, along with the construction of seven new 1,200 foot locks on the system
  - **Louisiana Coastal Area:** Authorizes approximately \$1.9 billion the Corps of Engineers to carry out the comprehensive program for the restoration of the Louisiana Coastal Area. This program will help restore populated and coastal areas significantly impacted by Hurricane Katrina, and will help in preventing future damage from hurricanes and storm surge, by slowing the continuing land loss, and replenishing the coastal marshes of southern Louisiana. This section also authorizes the Corps to integrate into this comprehensive program the findings of a current Corps study for “category 5” protection for coastal Louisiana. Finally, this section deauthorizes and calls for the physical closure of the Mississippi River Gulf Outlet (“MRGO”)
  - **Upper Mississippi River and Illinois Waterway System:** The Upper Mississippi River and Illinois Waterways System provides authorization for navigation improvements and ecosystem restoration. The authorization provides for small-scale and non-structural navigation improvements as well as construction for seven new 1200-foot locks on the Upper Mississippi River and Illinois Waterway System. Approximately, \$2 billion is authorized for the navigation improvements. The bill also authorizes a critical ecosystem restoration program. The ecosystem restoration provides for comprehensive restoration activities throughout the basin and authorizes approximately \$1.6 billion for this work.
  - **Comprehensive Everglades Restoration Plan:** Authorizes for the first three project components of the Comprehensive Everglades Restoration Plan, authorizes in the Water Resources Development Act of 2000: Indian River Lagoon, Picayune Strand, and Site 1 Impoundment. Directs the Corps of Engineers to expedite completion of an ongoing study of water deliveries through the Tamiami Trail to achieve necessary flows called for in the Modified Water Deliveries project for restoration of the Everglades, and to recommend a resolution to this project for authorization in the Water Resources Development Act.
- **Programmatic Changes for the Corps of Engineers:** WRDA 2007 also includes important policy provisions that address concerns with the Corps planning and mitigation process. These provisions reflect needed changes that have been identified in the past several years and were highlighted by some of the problems discovered because of Hurricane Katrina.
  - **Independent Peer Review:** WRDA 2007 directs the Corps to undertake Independent Peer Review when certain cost thresholds are met, a Governor of an affected state requests it, or if the Chief of Engineers determines that the project will be controversial. The Independent Peer Review provision creates an important tool to ensure that the best projects are designed and implemented.

- **Principles and Guidelines:** WRDA 2007 also directs the Corps to update its primary guidance document, the Principles and Guidelines ("P&G"). With an updated P&G, the Corps will be able to better capture the needs of modern infrastructure projects including ecosystem needs along with important infrastructure.
- **Mitigation:** The new mitigation provision will ensure that necessary infrastructure projects are not built at the expense of our natural environment but will include complete, timely, and appropriate mitigation for environmental impacts.

**Fact Sheets & Talking Points:**

[Summary of the Major Projects in the Water Resources Development Act of 2007 \(H.R. 1495\)](#),

Committee on Transportation and Infrastructure, November 2, 2007

[Summary of the Conference Report](#), Committee on Transportation and Infrastructure, July 31, 2007

[Ten Reasons President Bush Should Not Veto the Water Resources Development Act](#), Democratic Policy Committee Report, November 2, 2007

**Press Releases, News Articles & Related Information:**

[T&I Leaders React to WRDA Veto](#), *Country cannot afford more setbacks on water resources issues and projects critical to Nation's economy and communities*, Committee on Transportation and Infrastructure, November 2, 2007

[Pelosi Statement on Bush Veto of Water Resources Development Act](#), November 2, 2007

[Hoyer Announces Quick House Action to Override President's Veto of Water Resources Development Act](#), November 2, 2007

[Bush Vetoes Water Resources Development Act — Override Vote Expected on Tuesday](#), Democratic Caucus, November 2, 2007

[Republicans urge Bush to sign WRDA](#), Democratic Caucus, November 2, 2007

**Bill Text:** [HTML Version](#), [PDF Version](#)

[Bill Summary and Status](#)

**Rules Committee Meeting:** Tuesday, November 6, 2007 at 3:00 p.m. in H-313 the Capitol

**Committee:** [Committee on Ways and Means](#)

**Committee Staff Contact:** 5-3625

### **LEGISLATION AT A GLANCE:**

#### **THE PERU FTA —FIRST STEPS IN A NEW TRADE POLICY FOR AMERICA**

Democrats have succeeded in achieving important first steps in a fundamental shift in U.S. trade policy in the Peru FTA. The Peru FTA has been amended to incorporate key Democratic priorities – priorities that will expand and shape trade in ways that spread the benefits of globalization here and abroad by raising standards. Key provisions include:

#### **Core Labor Standards**

- A fully enforceable commitment that FTA countries will adopt, maintain and enforce in their laws and practice the five basic international labor standards, as stated in the 1998 International Labor Organization Declaration on Fundamental Principles and Rights at Work.
- A new, fully enforceable, binding commitment prohibiting FTA countries from lowering labor standards.
- New limitations on “prosecutorial” and “enforcement” discretion – FTA countries cannot defend the failure to enforce laws related to the five basic standards due to resource limitations or decisions to prioritize other enforcement issues.
- Same dispute settlement mechanisms/penalties as other FTA obligations.
- Clear actions by the Government of Peru to implement in Peru’s labor laws the five basic ILO standards.

#### **Environment**

- A fully enforceable commitment that FTA countries adopt, implement and enforce in their laws and practice obligations under seven common major multilateral environmental agreements (MEAs), including CITES and the Montreal Protocol.<sup>2</sup> Provision to add additional, new common MEAs.
- A new, fully enforceable, binding commitment prohibiting FTA countries from lowering environmental standards.
- Same dispute settlement mechanisms/penalties as other FTA obligations.
- A groundbreaking “conflict of laws” provision – where a covered MEA obligation affects an obligation under an FTA, the FTA cannot be used to undermine the MEA obligation.
- For Peru, a groundbreaking, fully enforceable Annex requiring Peru to take major specific steps to crack down on all illegal logging, and additional action to stop illegal logging of mahogany. Unprecedented provision allowing the United States to investigate illegal logging of mahogany in-country, and stop questionable shipments at the border.

### **Generic Medicines**

- Change the “data exclusivity” provision (period in which a generic manufacturer may not use clinical test data of an innovative drug manufacturer) to allow generics to enter the market more quickly than under the old provision (by having “concurrent period” of data exclusivity).
- Include exception in FTAs that the "data exclusivity" provision does not preclude FTA countries from taking measures to protect public health and from utilizing the WTO "health solution."
- Eliminate requirement that a drug regulatory agency withhold approval of a generic until it can certify that no patent would be violated if the generic were marketed; strengthen and expedite judicial processes in countries to ensure patent rights of innovative drug companies are respected.
- Eliminate requirement that an FTA country extend the term of a patent on a pharmaceutical product for delays in the patent and regulatory approval process. Instead, ensure expeditious patent and regulatory approval process.

### **Government Procurement**

- Groundbreaking provision that allows U.S. Federal and State governments to condition government contracts on contractors adhering to the five basic labor standards and acceptable conditions of work and wages. (Existing provision allows conditioning of contracts on use of recycled materials.)

### **Port Security**

- Clarify that the U.S. has full, non-challengeable authority to prevent foreign companies from operating U.S. ports, based on national security concerns.

### **Investment**

- Explicitly state that foreign investors in the United States will not be accorded greater substantive rights with respect to investment protections than U.S. investors in the United States.

### **House Report:**

HTML Version, PDF Version

### **Full Committee Mark-up:**

[United States-Peru Trade Promotion Agreement Implementation Act](#), October 31, 2007

[National Journal Report](#)

### **Summary of Committee Vote:**

- **Vote to Report:** Favorably Reported to the Full House, as Amended, by a **Recorded Vote of 39-0: R 16-0; D 23-0; I 0-0.**

### **Full Committee Informal Mark-up:**

[Informal Markup of H.R. \\_\\_\\_\\_\\_, "To implement the United States-Peru Trade Promotion Agreement"](#), September 25, 2007



**CRS Reports:**

[RS22752](#): Dispute Settlement Under the Proposed U.S.- Peru Trade Promotion Agreement: An Overview  
[RL31356](#): Free Trade Agreements: Impact on U.S. Trade and Implications for U.S. Trade Policy  
[RS22521](#): Peru Trade Promotion Agreement: Labor Issues  
[RL33743](#): Trade Promotion Authority (TPA): Issues, Options, and Prospects for Renewal  
[RL34108](#): U.S.-Peru Economic Relations and the U.S.-Peru Trade Promotion Agreement

**GAO Reports:**

(TBA)

**CBO Report:**

Cost Estimate: Ordered Reported by the Committee on Ways and Means

**Full Committee Hearings:**

[Hearing on the U.S. Trade Agenda](#), February 14, 2007

[Hearing Advisory](#); [Hearing Transcript](#)

**Witness Testimony:**

- [The Honorable Susan C. Schwab](#), U.S. Trade Representative, Office of the U.S. Trade Representative
- 

[Hearing on Trade and Globalization](#), January 30, 2007

[Hearing Advisory](#); [Hearing Transcript](#)

**Member Statements:** [The Honorable Jim McCrery](#), [The Honorable Wally Herger](#)

**Witness Testimony:**

[Daniel Tarullo, Ph.D.](#), Professor of Law, Georgetown University

[The Honorable Grant Aldonas](#), William M. Scholl Chair in International Business, Center for Strategic and International Studies

[Gene B. Sperling](#), Senior Fellow, Center for American Progress, and Director, Center for Universal Education, Council on Foreign Relations

[John Meier](#), Chief Executive Officer, Libbey Glass, Inc., Toledo, Ohio

[Harold McGraw III](#), Chairman, President, and CEO, The McGraw-Hill Companies, and Chairman, Business Roundtable, and Chairman, Emergency Committee for American Trade, New York, New York

[Lawrence Mishel, Ph.D.](#), President, Economic Policy Institute

**Organization Statements:**

[Labor Changes under Peru FTA](#) (Dear Colleague)

[Strong Labor Protections in Peru FTA Set U.S. Trade Policy on New Course](#) (Dear Colleague)

[Labor Report Shows Importance of Strong Labor Provisions of the Peru FTA](#) (Dear Colleague)

[Peru FTA - A Real Win for the Environment](#) (Dear Colleague)

[Environmental Groups say Peru FTA Sets U.S. Trade Policy on "New Path"](#) (Dear Colleague)

[The Peru Trade Agreement: A Needed Tool to Protect the Amazon](#) (Dear Colleague)

[Prescription Medicines - Representing Democratic Priorities and Making Real Changes](#) (Dear Colleague)

[Peru FTA - Access to Life-saving Medicines](#) (Dear Colleague)

[Peru Retains Full Flexibility to Change Its Social Security System](#) (Dear Colleague)

**Administration Position:**

(TBA)

**Fact Sheets & Talking Points:**

[Summary of May 10, 2007 Changes](#)  
[Response to Concerns](#)  
[Text of Labor Provisions](#)  
[Text of Environmental Provisions](#)  
[Text of Intellectual Property Provisions](#)  
[Text of Security exception Provisions](#)  
[U.S. Text of Port Security](#)  
[Peru Text of Port Security](#)  
[Peru Text of Preamble](#)  
[Text of Procurement Provisions](#)  
[Summary of the Agreement](#)  
[Statement of Administrative Action](#)

**Press Releases, News Articles & Related Information:**

[Ways and Means Approves US-Peru FTA Measure will head to House Floor for final consideration](#), October 31, 2007  
[Ways and Means Members Support US-Peru FTA](#), September 25, 2007  
[Ways and Means Approves Peru FTA in "Mock" Markup](#), September 25, 2007  
[US-Peru FTA Represents a "New Deal" for International Trade](#), *Committee schedules informal mark-up of FTA for Tuesday*, September 19, 2007  
[Chairman Rangel, President Garcia Usher in Historic New Era in Trade](#), *Congress will consider US-Peru FTA upon return in the Fall*, August 8, 2007  
[Pelosi, Hoyer, Rangel, and Levin Statement on Trade](#), July 2, 2007

**Other Resources:**

[Cosponsors of H.R.3688](#)

**Bill Text:** [HTML Version](#), [PDF Version](#)

[Bill Summary and Status](#)

**Rules Committee Meeting:** [Amendment Process Announcement](#)  
[Text of Bill as Reported](#), [Committee Report](#), [Special Announcement](#)

**Committee:** [Committee on Financial Services](#)

**Committee Staff Contact:** 5-4247

**LEGISLATION AT A GLANCE:**

**TITLE I — Natural Catastrophe Risk Consortium:** Establishes a completely voluntary Federal/State Consortium to encourage and facilitate ceding of natural catastrophe risk from Qualified Reinsurance Programs into the private markets, particularly the catastrophe bond markets.

- Consortium serves as conduit issuer of catastrophe bonds and coordinator of reinsurance agreements on behalf of the participating States' Qualified Reinsurance Programs;
- Consortium does not assume underlying risks, take possession of bond proceeds, nor can it incur debt;
- Consortium intended to leverage economies of scale and the diversification of the type and location of catastrophe risks to achieve reinsurance costs lower than those available to states independently;
- Consortium intended to increase the efficiency of the catastrophe bond market through standardization.

**TITLE II — National Homeowners Insurance Stabilization Program:** Creates Federal loan program to provide post-event financing to Qualified Reinsurance Programs while those programs accumulate capital sufficient to pay their reasonably anticipated reinsurance losses.

- Provides 5 to 10-year Liquidity Loans (at comparable Treasury rate plus 3%) to Qualified Reinsurance Programs to cover shortfalls between a the program's accumulated capital and that program's total liabilities;
- Secondly, Title II provides 10-plus year Catastrophic Loans (at comparable Treasury rate plus 0.2%) to cover losses in excess of a Qualified Reinsurance Program's total liabilities;
- Loan terms and "penalty" rates designed so that Federal Government is lender of last resort;
- State residual insurance market entities may only participate in Title II's loan programs during a five-year transitional period.

**TITLE III — General Provisions:** Sets out specific requirements that State catastrophe reinsurance programs must satisfy before Treasury Secretary can certify program/entity as a Qualified Reinsurance Program. Only Qualified Reinsurance Programs may participate in the Consortium and loan programs created in Titles I and II.

- At present, more than 30 States are potentially eligible to participate in the Consortium and loan programs through a State natural catastrophe program or a State residual insurance market entities (i.e., FAIR Plans/Wind pools);

- To be pre-certified as a Qualified Reinsurance Program, as State program must:
  - Reinsure all personal residential lines of insurance (i.e., homeowners insurance);
  - Reinsure only risks in their state deemed truly catastrophic by the Treasury Secretary.
- Participating States must also:
  - Ensure any cost savings realized through State insurance or reinsurance programs pass through to primary policyholders;
  - Require compliance with applicable building codes;
  - Require State insurance and reinsurance programs to establish rate structures that take into account measures to mitigate losses;
  - Require State insurance and reinsurance programs to establish risk-based rates;
  - Encourage State insurance and reinsurance programs not to cross-subsidize between various insurance lines of coverage.

**House Report 110-419:**

[HTML Version](#), [PDF Version](#)

**Full Committee Mark-up:**

[H.R. 3521 Public Housing Asset Management Improvement Act of 2007](#), [H.R. 2930 Section 202 Supportive Housing for the Elderly Act of 2007](#), [H.R. 3355 Homeowners' Defense Act of 2007](#), [H.R. 3524 HOPE VI Improvement and Reauthorization Act of 2007](#), September 25, 2007  
[National Journal Report](#)

**Summary of Committee Votes:**

- [Chairman Frank, D-Mass. Substitute Amendment](#) — Clarifies that the federal-state consortium that would be established is not a government-sponsored enterprise. It also states that there is no implied federal guarantee of the securities issued or reinsurance contracts coordinated by the consortium. **Adopted, as Amended, by Voice Vote.**
- [Rep. G. Brown-Waite, R-Fla. Reinsurance Coverage Amendment](#) — Would have established a National Commission on Catastrophe Preparation and Protection. The amendment would have authorized \$10 million for fiscal 2008 for initial expenses incurred by the commission. **Withdrawn, Second-Degree Amendment.**
- [Rep. C. Murphy, D-Conn. Required Standards for Loans Amendment](#) — Requires certain building codes, actuarial rates and measures to mitigate insurance losses for program participants. **Adopted, Second-Degree Amendment, by Voice Vote.**
- [Rep. Feeney, R-Fla. Direct Assistance to Homeowners Amendment](#) — Would have prohibited loan recipients from using more than 10 percent of the loans to provide direct financial assistance to homeowners in affected areas. **Withdrawn, Second-Degree Amendment.**
- [Rep. S. Bachus, R-Ala. Retained Loss Requirement Amendment](#) — Would have created a retained loss requirement to deal with damages incurred from a natural disaster event or events. **Withdrawn, Second-Degree Amendment.**

- [Rep. Campbell, R-Calif. Commercial Coverage Amendment](#) — Would have extended coverage under the program to commercial properties, not just residential properties. **Withdrawn, Second-Degree Amendment.**
- [Rep. Shays, R-Conn. Substitute Amendment](#) — Would have established a Commission on Natural Catastrophe Risk Management. The commission would have been required to submit a report to Congress before June 1, 2008. [Rejected 22-32: R 22-4; D 0-28; I 0-0.](#)
- [Rep. T. Price, R-Ga. Loan Trigger Level Amendment](#) — Would have authorized the Treasury secretary to adjust the trigger level for loan eligibility. The bill, as previously amended, calls for a trigger level of 150 percent of the previous year's direct earned premium in the affected state. [Rejected, Second-Degree Amendment, 27-32: R 27-2; D 0-30; I 0-0.](#)
- [Rep. T. Price, R-Ga. Treasury Department Certification Amendment](#) — Would have required further certification of a qualified reinsurance program to ensure it does not significantly reduce or displace private-sector competition. [Rejected, Second-Degree Amendment, 31-32: R 31-0; D 0-32; I 0-0.](#)
- [Rep. T. Price, R-Ga. Limit Federal Loans Amendment](#) — Would have limited federal loans to catastrophic events only. Homeowners would have had to suffer insurance losses that exceed either the capacity of the regional insurance industry or the amount equal to projected losses for natural disasters occurring once every 100 years. [Rejected, Second-Degree Amendment, 29-34: R 29-2; D 0-32; I 0-0.](#)
- **Vote to Report:** Favorably Reported to the Full Committee, as Amended by a [Recorded Vote of 36-27: R 4-27; D 32-0; I 0-0.](#)

**CRS Reports:**

[RS22747](#): California Wildfires: The Role of Disaster Insurance

**GAO Reports:**

(TBA)

**CBO Report:**

[Cost Estimate](#): Ordered Reported by the Committee on Financial Services

**Subcommittee on Housing and Community Opportunity Hearings:**

[H.R. 3355, the Homeowners Defense Act of 2007](#), September 6, 2007

**Member Statements:** [Chairman Kanjorski](#), [Congressman Mahoney](#), [Congresswoman Maloney](#)

**Witness Testimony:**

Panel One:

[The Honorable Phillip Swagel](#), Assistant Secretary for Economic Policy, U.S. Department of the Treasury

[The Honorable J.P. Schmidt](#), Insurance Commissioner, State of Hawaii, on behalf of the National Association of Insurance Commissioners

[The Honorable Matthew Patrick](#), Massachusetts House of Representatives

[The Honorable Tom Evans](#), Chairman, Florida Coalition for Preservation

Panel Two:

[Mr. Danyal Ozizmir](#), Head of Asset Back Securities-Insurance Linked Securities, Swiss Re Financial Products Corporation

[Mr. John Seo](#), Co-founder and Managing Member, Fermat Capital Management, LLC

[Mr. Franklin Nutter](#), President, The Reinsurance Association of America

[Mr. Vince Malta](#), Malta & Co., Inc., on behalf of the National Association of Realtors

[Mr. Robert Joyce](#), Chairman and Chief Executive Officer, The Westfield Group, on behalf of the Property Casualty Insurance Association of America

[Mr. Steve Spiro](#), CLU, ChFC, Spiro Risk Management, Inc., on behalf of the Independent Insurance Agents of America

[Mr. John D. Echeverria](#), Executive Director, Georgetown Environmental Law & Policy Institute, Georgetown University Law Center

[Perspectives on Natural Disaster Insurance](#), March 27, 2007  
[Hearing Transcript](#)

**Witness Testimony:**

Panel One:

The Honorable Gene Taylor

[The Honorable Ron Klein](#)

[The Honorable Tim Mahoney](#)

[The Honorable Ginny Brown-Waite](#)

Panel Two:

[Commissioner Kevin M. McCarty](#), Office of Insurance Regulation, State of Florida

[Andrew Valdivia](#), CPCU, ARM, President, White & Company Insurance Inc., Independent Insurance Agents and Brokers of America

[Malcolm N. Bennett](#), President, International Realty and Investments

[Robert L. Porter](#), Executive Director, ProtectingAmerica.org

[Mr. Gary Thomas](#), President's Liaison to the Public and Federal Issues Group, National Association of Realtors

[Marc Racicot](#), President, American Insurance Association

[Frank Nutter](#), President, Reinsurance Association of America

[Ann Spragens](#), Senior Vice President, Secretary and General Counsel, Property Casualty Insurers Association of America

**Organization Statements:**

Florida Association of Realtors

**Administration Position:**

(TBA)

**Fact Sheets & Talking Points:**

One Page Summary HR3355

HR3355 Section-by-Section

HR3355 Hearing Memo, 09-14-07

**Press Releases, News Articles & Related Information:**

[Financial Services Committee Passes Reps Klein and Mahoney Homeowners Defense Act](#), Press Release, Financial Services Committee, September 26, 2007

[Klein, Mahoney Introduce Ground Breaking Homeowners Insurance Bill](#), Press Release, August 3, 2007

[Klein and Mahoney Ready to Take Lead on Insurance Reform in Congress](#), Press Release, January 18, 2007

**Other Resources:**

[Cosponsors of H.R. 3355](#)

**Bill Text:** [HTML Version](#), [PDF Version](#)

[Bill Summary and Status](#)

**Rules Committee Meeting:** TBA

**Committee:** [Committee on Ways and Means](#)

**Committee Staff Contact:** 5-3625

## **LEGISLATION AT A GLANCE:**

### **I. 2007 AMT RELIEF**

**Extension of AMT relief for 2007.** The bill would extend for one year AMT relief for nonrefundable personal credits and increases the AMT exemption amount to \$66,250 for joint filers and \$44,350 for individuals. *This proposal is estimated to cost \$50.59 billion over 10 years.*

#### **Extension and modification of AMT credit allowance against incentive stock options (ISOs).**

Exercise of an ISO is a preference in the individual minimum tax. The amount of the preference is the difference between the market price on the date of exercise and the option price. In the past, many individuals exercised these options and there were dramatic reductions in the value of the stock after exercise. These individuals found that their minimum tax liability far exceeded any gain from the exercise of the option. The bill would waive past underpayments and would guarantee that minimum tax actually paid on the exercise of these options would be returned to the taxpayer. *This proposal is estimated to cost \$2.26 billion over 10 years.*

### **II. ADDITIONAL INDIVIDUAL TAX RELIEF**

**Change in refundable child credit.** The bill would increase the eligibility for the refundable child tax credit in 2008. The child tax credit is refundable to the extent of 15 percent of the taxpayer's earned income in excess of approximately \$11,000 as a result of inflation adjustments to the original floor of \$10,000. The bill would reduce this floor to \$8,500 for 2008. *This proposal is estimated to cost \$2.87 billion over 10 years.*

**Additional standard deduction for real property taxes.** The bill would provide an additional standard deduction for State and local real property taxes paid or accrued by taxpayers who claim the regular standard deduction. The maximum amount that may be claimed under this provision is \$700 for joint filers and \$350 for individuals. This proposal applies only for 2008. *This proposal is estimated to cost \$1.23 billion over 10 years.*

### **III. ONE-YEAR EXTENDERS**

#### **Extenders Primarily Affecting Individuals**

**Extension of the deduction of State and local general sales taxes.** The bill extends for one year the election to take an itemized deduction for State and local general sales taxes in lieu of the itemized deduction permitted for State and local income taxes. *This proposal is estimated to cost \$2.34 billion over 10 years.*

**Extension of above-the-line deduction for qualified tuition and related expenses.** The bill extends the above-the-line tax deduction for qualified education expenses for one year. For tax year 2007, the maximum deduction was \$4,000 for taxpayers with AGI of \$65,000 or less (\$130,000 for joint returns) or \$2,000 for taxpayers with AGI of \$80,000 or less (\$160,000 for joint returns). *This proposal is estimated to cost \$2.47 billion over 10 years.*

**Extension of special rules for regulated investment companies.** The bill would for one year extend the tax treatment of interest-related dividends, short-term capital gain dividends, and other special rules applicable to foreign shareholders that invest in regulated investment companies. *This proposal is estimated to cost \$77 million over 10 years.*

**Extension of tax on failure to comply with mental health parity requirements applicable to group health plans.** The bill extends for one year a \$100 per day excise tax on group health plans that impose limits on mental health benefits that are not imposed on medical and surgical benefits. *This proposal is estimated to cost \$25 million over 10 years.*

**Extension of provision encouraging contributions of capital gain real property made for conservation purposes.** The bill would extend for one year the increased contribution limits and carryforward period for amounts in excess of these limits for contributions of appreciated real property (including partial interests in real property) for conservation purposes. *This proposal is estimated to cost \$52 million over 10 years.*

**Extension of tax-free distributions from individual retirement plans for charitable purposes** The bill would extend for one year the provision that permits tax-free charitable contributions from an Individual Retirement Account (IRA) of up to \$100,000 per taxpayer, per taxable year. *This proposal is estimated to cost \$452 million over 10 years.*

**Extension of above-the-line deduction for certain expenses of elementary and secondary school teachers.** The bill extends for one year the \$250 above-the-line tax deduction for teachers and other school professionals for expenses paid or incurred for books, supplies (other than non-athletic supplies for courses of instruction in health or physical education, computer equipment (including related software and services), other equipment, and supplementary materials used by the educator in the classroom for one year (i.e., to expenses paid or incurred in 2008). *This proposal is estimated to cost \$204 million over 10 years.*

**Extension of election to include combat pay in earned income for purposes of the earned income credit.** The bill extends for one year the special rules that allow members of the armed services to include their combat pay in their earned income in order to qualify for the earned income tax credit. *This proposal is estimated to cost \$19 million over 10 years.*

**Extension of special rules for qualified mortgage bonds for veterans.** The bill extends for one year the special rules that allows veterans to qualify for State-operated, tax-exempt mortgage revenue bond programs to provide lower-income individuals with access to mortgages with lower interest costs without regard to first-time home buyer requirement. *This proposal is estimated to cost \$159 million over 10 years.*

**Extension of special rules for distributions from retirement plans to individuals called to active duty.** The bill extends for one year special rules that permit active duty reservists to make penalty-free withdrawals from retirement plans. *This proposal is estimated to cost \$1 million over 10 years.*

**Clarification of allowance for state legislators' expenses away from home.** The bill would clarify the legislature shall be considered to be in session on pro forma days for purposes of the allowance for state legislators' travel expenses away from home. *This proposal is estimated to cost \$4 million over 10 years.*

*Extenders Primarily Affecting Businesses*

**Extension of R&D credit.** The bill extends the research credit for one year. *This proposal is estimated to cost \$9 billion over 10 years.*



**Extension of Indian employment credit.** The bill extends for one year the business tax credit for employers of qualified employees that work and live on or near an Indian reservation. The credit is for wages and health insurance costs paid to qualified employees (up to \$20,000) in the current year over the amount paid in 1993. Wages for which the work opportunity tax credit is available are not qualified wages for the Indian employment tax credit. *This proposal is estimated to cost \$59 million over 10 years.*

**Extension of new markets tax credit.** The bill extends for one year (through the end of 2009) the new markets tax credit, permitting a \$3.5 billion maximum annual amount of qualified equity investments. *This proposal is estimated to cost \$1.32 billion over 10 years.*

**Extension of railroad track maintenance credit.** The bill extends for one year the railroad track maintenance credit. The railroad track maintenance credit provides Class II and Class III railroads (e.g., short-line railroads) with a tax credit equal to 50 percent of gross expenditures for maintaining railroad tracks that they own or lease. *This proposal is estimated to cost \$165 million over 10 years.*

**Extension of 15-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant improvements.** The bill would extend for one year the special 15-year cost recovery period for certain leasehold and qualified restaurant improvements. Absent an extension of this provision, the cost recovery period for these facilities would be 39 years. *This proposal is estimated to cost \$3.47 billion over 10 years.*

**Extension of 7-year straight-line cost recovery period for motorsports entertainment complexes.** The bill would extend for one year the special 7-year cost recovery period for property used for land improvement and support facilities at motorsports entertainment complexes. Absent an extension of this provision, the cost recovery period for these facilities would be 15 years. *This proposal is estimated to cost \$27 million over 10 years.*

**Extension of accelerated depreciation for business property on an Indian reservation.** The bill would extend for one year the placed-in-service date for the special depreciation recovery period for qualified Indian reservation property. In general, qualified Indian reservation property is property used predominantly in the active conduct of a trade or business within an Indian reservation, which is not used outside the reservation on a regular basis and was not acquired from a related person. *This proposal is estimated to cost \$148 million over 10 years.*

**Extension of expensing of "brownfields" environmental remediation costs.** The bill would extend for one year the provision that allows for the expensing of costs associated with cleaning up hazardous ("brownfield") sites. *This proposal is estimated to cost \$192 million over 10 years.*

**Extension of deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.** The bill would extend for one year the provision extending the section 199 domestic production activities deduction to activities in Puerto Rico. *This proposal is estimated to cost \$116 million over 10 years.*

**Extension of special tax treatment of certain payments to controlling exempt organizations.** The bill would extend for one year the special rules for interest, rents, royalties and annuities received by a tax exempt entity from a controlled entity. *This proposal is estimated to cost \$23 million over 10 years.*

**Reauthorization of qualified zone academy bonds (QZABs).** The bill allows an additional \$400,000,000 of QZAB issuing authority to State and local governments, which can be used to finance renovations, equipment purchases, developing course material, and training teachers and personnel at a qualified zone academy. In general, a qualified zone academy is any public school (or academic program within a public school) below college level that is located in an empowerment zone or enterprise community and is designed to cooperate with businesses to enhance the academic curriculum and increase graduation and employment rates. QZABs are a form of tax credit bonds which offer the holder a federal tax credit instead of interest. The bill would improve the marketability of these bonds by modifying the current-law arbitrage restrictions. *This proposal is estimated to cost \$165 million over 10 years.*

**Extension of tax incentives for investment in the District of Columbia.** The bill extends the designation of certain economically depressed census tracts within the District of Columbia as the District of Columbia Enterprise Zone. Businesses and individual residents within this enterprise zone are eligible for special tax incentives. The bill would also extend for one year the \$5,000 first-time homebuyer credit for the District of Columbia. *This proposal is estimated to cost \$158 million over 10 years.*

**Extension of American Samoa economic development credit.** The bill extends for one year the American Samoa economic development credit. In general, this credit provides certain domestic corporations operating in American Samoa with a possessions tax credit to offset their U.S. tax liability on income earned in American Samoa from active business operations, sales of assets used in a business, or certain investments in American Samoa. *This proposal is estimated to cost \$16 million over 10 years.*

**Extension of enhanced charitable deduction for contributions of food inventory.** The bill would extend for one year the provision allowing businesses to claim an enhanced deduction for the contribution of food inventory. *This proposal is estimated to cost \$72 million over 10 years.*

**Enhanced charitable deduction for contributions of book inventories to public schools.** The bill would extend for one year the provision allowing C corporations to claim an enhanced deduction for contributions of book inventory to public schools (kindergarten through grade 12). *This proposal is estimated to cost \$31 million over 10 years.*

**Extension of enhanced deduction for corporate contributions of computer equipment for educational purposes.** The bill would extend for one year a provision that encourages businesses to contribute computer equipment and software to elementary, secondary, and post-secondary schools by allowing an enhanced deduction for such contributions. *This proposal is estimated to cost \$218 million over 10 years.*

**Extension of special rule for S corporations making charitable contributions of property.** The bill would extend for one year the provision allowing S corporation shareholders to take into account their pro rata share of charitable deductions even if such deductions would exceed such shareholder's adjusted basis in the S corporation. The bill would also make a technical correction clarifying the application of this provision. *This proposal is estimated to cost \$54 million over 10 years.*

**Extension of work opportunity tax credit for Hurricane Katrina employees.** The bill would extend for one year the provision that expired in August of this year which allowed employers to claim the work opportunity tax credit for hiring employees who were affected by Hurricane Katrina. *This proposal is estimated to cost \$21 million over 10 years.*

#### Other Extenders

**Extension of disclosures of certain tax return information.** The bill would extend for one year the authority for combined employment tax reporting and the current-law authority to disclose return information for purposes of the income-contingent loan repayment program and for purposes of coordination with the Department of Veterans Affairs. The bill would also extend for one year the present-law terrorist activity disclosure provisions. *These proposals are not estimated to have any revenue effect.*

**Extension of authority for undercover operations.** The bill extends for one year the authorization for the IRS to engage in certain activities related to undercover operations, such as purchasing property, organizing business entities and use the proceeds from an undercover operation to pay additional expenses incurred in the undercover operation. *This proposal is estimated to have a negligible revenue effect.*

**Extension of temporary increase in limit on cover over of run excise tax revenues to Puerto Rico and the Virgin islands.** The bill extends for one year the provision providing for payment of \$13.25 per gallon to cover over a \$13.50 per proof gallon excise tax on distilled spirits produced in or imported into the United States. *This proposal is estimated to cost \$93 million over 10 years.*

#### **IV. MORTGAGE FORGIVENESS DEBT RELIEF**

**Permanent exclusion from gross income of discharged home mortgage indebtedness.** The bill would amend current law, which requires taxpayers to include discharges of mortgage indebtedness as income and to pay tax on this income. The bill would provide a permanent exclusion for discharges of up to two million dollars of indebtedness (on or after January 1, 2007) which is secured by a principal residence and which is incurred in the acquisition, construction, or substantial improvement of the principal residence. Instead of including this amount as income, the basis of the individual's principal residence would be reduced by the amount excluded from income under this bill. *This proposal is estimated to cost approximately \$1.34 billion over 10 years.*

**Long-term extension of the deduction for mortgage insurance.** The bill extends the deduction for mortgage insurance for seven years (through the end of 2014). Current law limits the deduction for mortgage insurance to payments (including Veterans Administration, Rural Housing Administration, and Federal Housing Administration insurance premiums) made prior to the end of 2007. The bill would provide that payments will qualify for this deduction whenever they are paid so long as the contract is entered into after 2006 and before 2015. *This proposal is estimated to cost \$570 million over the next 10 years.*

**Modification of the qualification tests for cooperative housing corporations.** The bill would modify the requirements for qualifying for the special rules available to cooperative housing corporations. Under current law, a cooperative housing corporation must meet several requirements, including a requirement that 80 percent or more of the cooperative housing corporation is earned from the corporation's tenant-stockholders. The bill would provide two alternatives to this 80 percent rule (i.e., one based on square footage and another based on cooperative expenditures). These two alternatives will make it easier to qualify as a cooperative housing corporation. *This proposal is estimated to cost \$21 million over 10 years.*

**Modification of exclusion of gain on sale of a principal residence.** The bill amends the current law exclusion of up to \$250,000 (\$500,000 if married filing a joint return) of gain realized on the sale or exchange of a principal residence. Under current law, the sale of a home will qualify for this exclusion if the home is a taxpayer's principal residence for at least two of the five years ending on the sale or exchange. This exclusion applies even if the home was initially purchased as a second home. Under the bill, if a taxpayer moves their principal residence to a second home, the taxpayer will only be able to utilize this exclusion to the extent that it relates to the period of time when the home was first used as a principal residence. The bill grandfathers use before 2008. *This proposal is estimated to raise \$1.99 billion over 10 years.*

## **V. ADMINISTRATIVE PROVISIONS**

**Repeal of IRS authority to enter into private debt collection contracts.** The provision would repeal the IRS's authority to enter into, renew, or extend contracts with private companies to collect Federal income taxes. The collection of Federal income taxes is an inherently governmental function that should be restricted to IRS employees. The use of private contractors violates the special and confidential relationship between taxpayers and the Federal government, and could jeopardize the privacy of taxpayers, possibly undermining long-term taxpayer compliance. The Committee on Ways and Means heard extensive testimony detailing the predatory and aggressive tactics utilized by private debt collectors. In addition, private debt collection is an extremely inefficient way to collect Federal income taxes. Since the authority to enter into private debt collection contracts was first granted in 2004, the Federal government has spent \$71 million to collect a net of \$20 million in tax receipts. If this money was spent hiring IRS employees, the National Taxpayer Advocate estimates the Federal government could have collected \$1.4 billion. *This provision is estimated to cost \$1.05 billion over 10 years.*

**Delay application of withholding requirement on certain governmental payments for goods and services.** For payments made after December 31, 2010, the Code requires withholding at a three percent rate on certain payments to persons providing property or services made by Federal, State, and local governments. The withholding is required regardless of whether the government entity making the payment is the recipient of the property or services (those with less than \$100 million in annual expenditures for property or services are exempt). Numerous government entities and taxpayers have raised concerns about the application of this provision. The provision would delay for one year (through December 31, 2011) the application of the three percent withholding requirement on government payments for goods and services in order to provide time for the Treasury Department to study the impact of this provision on government entities and other taxpayers. *This provision is estimated to cost \$44 million over 10 years.*

**Clarification of entitlement of U.S. Virgin Islands residents to taxpayer statute of limitations protections.** The provision would extend to residents of the U.S. Virgin Islands (USVI) the same administrative and procedural protections that are available to U.S. taxpayers, including a three-year statute of limitations on collections. As a result of a misapplication of present law by the IRS, U.S. citizens who claim to be bona fide USVI residents and who file USVI income tax returns are not allowed to claim the statute of limitations protection that is available to other U.S. citizens who file income tax returns. The provision would correct this misapplication of present law. *This provision is estimated to cost \$38 million over 10 years.*

**Revision of tax rules on expatriation.** U.S. citizens and long-term U.S. residents are subject to tax on their worldwide income. Taxpayers can avoid taxes by renouncing their U.S. citizenship or terminating their residence. This provision would tighten current law rules to ensure that certain high net-worth taxpayers cannot renounce their U.S. citizenship or terminate their U.S. residence in order to avoid U.S. taxes. Under this provision, high net-worth individuals will be treated as if they sold all of their property for its fair market value on the day before such individual expatriates or terminates their residency. Gain will be recognized to the extent that the aggregate gain recognized exceeds \$600,000 (which will be adjusted for cost of living in the future). *This provision is estimated to raise \$730 million over 10 years.*

**Repeal of suspension on certain penalties and interest.** Generally, the accrual of interest and penalties is suspended starting 36 months after the filing of a tax return if the IRS has not sent the taxpayer a notice specifically stating the taxpayer's liability and the basis for the liability within the specified period. The provision would repeal the suspension of interest and penalties on certain tax deficiencies where the IRS has notified a taxpayer after 36 months, allowing IRS to fully investigate cases of taxpayer underpayment and to increase compliance with our nation's tax laws. *This provision is estimated to raise \$128 million over 10 years.*

**Clarification of unused merchandise drawback .** The bill would clarify that wine of the same color shall be deemed to be commercially interchangeable for purposes of duty drawback. *This proposal has not yet been scored.*

## **VI. REVENUE PROVISIONS**

### **Current inclusion of deferred compensation paid by certain tax indifferent parties.**

The bill would tax individuals on a current basis if such individuals receive deferred compensation from a tax indifferent party. Current law generally allows executives and other employees to defer paying tax on compensation until the compensation is paid. This deferral is made possible by rules that require the corporation paying the deferred compensation to defer the deduction that relates to this compensation until the compensation is paid. Matching the timing of the deduction with the income inclusion ensures that the executive is not able to achieve the tax benefits of deferred compensation at the expense of the Treasury. Instead, the corporation paying the compensation bears the expense of paying deferred compensation as a result of the deferred deduction. Where an individual is paid deferred compensation by a tax indifferent party, there is no offsetting deduction that can be deferred. As a result, individuals receiving deferred compensation from a tax indifferent party are able to achieve the tax benefits of deferred compensation at the expense of the Treasury. *This proposal is estimated to raise \$23.85 billion over 10 years.*

**Taxation of carried interest as ordinary income.** The bill would prevent investment fund managers from paying taxes at capital gains rates on investment management services income received as carried interest in an investment fund. The bill would require such managers to treat carried interest as ordinary income received in exchange for the performance of services to the extent that carried interest does not reflect a reasonable return on invested capital. The bill would continue to tax carried interest at capital gain tax rates to the extent that carried interest reflects a reasonable return on invested capital. *This proposal is estimated to raise \$25.62 billion over 10 years.*

**Modification of unrelated business income tax rules for certain investment partnerships.** The bill would allow pension plans, universities and other tax-exempt entities to directly invest in hedge funds and other investment funds without incurring unrelated business income tax ("UBIT"). This would eliminate the current-law incentive for pension plans, universities and other tax exempt entities to invest in hedge funds and other investment funds through offshore "blocker" corporations formed in tax haven jurisdictions and would improve the investment returns for pension plans, universities and other tax exempt entities that invest in these investment funds. *This proposal is estimated to cost \$1.34 billion over 10 years.*

**Treatment of certain gain on sales between related persons as ordinary income as a result of tax sharing agreements.** Under current law, if a taxpayer sells depreciable property to a related person, any gain recognized on that transfer will be ordinary income. The bill would treat taxpayers as being related if there is an agreement (e.g., a tax sharing agreement) between the parties that provides for the payment to the transferor of any amount which is determined by reference to the tax benefit realized by the transferee as a result of depreciating the property transferred. *This proposal is estimated to raise \$135 million over 10 years.*

**Delay implementation of worldwide allocation of interest.** In 2004, Congress provided taxpayers with an election to take advantage of a liberalized rule for allocating interest expense between United States sources and foreign sources for purposes of determining a taxpayer's foreign tax credit limitation. Although enacted in 2004, this election is not available to taxpayers until taxable years beginning after 2008. The bill would delay the phase-in of this new liberalized rule for nine years (for taxable years beginning after 2017). This proposal is estimated to raise \$24.90 billion over 10 years.

**Basis reporting by brokers on sales of stock.** The bill creates mandatory cost basis reporting by brokers for transactions involving publicly traded securities. Covered securities are generally stock, debt, commodities, derivatives and other items as specified by the Treasury Secretary, which are acquired in the account or transferred to the account managed by the broker. The provision applies to stock acquired after January 1, 2009 and after January 1, 2011 for all other instruments. *This proposal is estimated to raise \$3.37 billion over 10 years.*

**Create uniform penalty for failure to file partnership and S corporation returns.** The bill would create a uniform penalty for failure to file partnership and S corporation returns. The penalty would be \$125 per partner/shareholder for each month during which such failure continues (up to 12 months). *This proposal is estimated to raise \$506 million over 10 years.*

**House Report:**

HTML Version, PDF Version

**Full Committee Mark-up:**

[Markup of: 1. H.R. 3996, the "Temporary Tax Relief Act of 2007" 2. H.R. 3997, the "Heroes Earnings Assistance and Relief Tax Act of 2007,"](#) November 01, 2007  
[National Journal Report](#)

**Summary of Committee Votes:**

- [Chairman Olver Manager's Amendment and Earmarks](#) — Makes technical changes and add member-funding recommendations (earmarks) to the committee report. It also would provide an additional \$600,000 for the Essential Air Service program. **Adopted by Voice Vote.**
- [Rep. McCrery, R-La AMT and Extenders Package Amendment to the Rangel Substitute Amendment](#) — Would have struck all offsets related to the alternative minimum tax and the package of extensions. **Rejected 13-23: R 13-0; D 0-23; I 0-0.**
- [Rep. P. English, R-Pa Alternative Minimum Tax Amendment to the Rangel Substitute Amendment](#) — Would have repealed the individual alternative minimum tax as of Jan. 1, 2018. **Rejected 13-23: R 13-0; D 0-23; I 0-0.**

- [Rep. Hulshof, R-Mo. State Legislators Amendment to the Rangel Substitute Amendment](#) — Would have struck a provision to expand the travel expense deductions for state legislators to include pro forma session days. **Rejected 13-19: R 11-2; D 2-17; I 0-0.**
- [Rep. Van Hollen, D-Md. Incentive Stock Option Amendment to the Rangel Substitute Amendment](#) — Removes the income caps for incentive stock option portion of the alternative minimum tax and allows taxpayers who paid any interest or penalty as a result of the incentive stock option to receive a tax credit. **Adopted by Unanimous Consent.**
- [Rep. K. Brady, R-Texas Carried Interest Amendment to the Rangel Substitute Amendment](#) — Would have struck strike real estate from the list of assets subject to the modified rule on carried interest. **Rejected 13-23: R 13-0; D 0-23; I 0-0.**
- [Rep. K. Brady, R-Texas Secondary Homes Amendment to the Rangel Substitute Amendment](#) — Would have struck a provision revising rules on expatriation and replace it with a provision allowing federal government employees the option of a Roth-type IRA in their 457 savings plans. It also would have raised the allowed deduction from classroom teacher expenses from \$250 to \$400 for 2008. Other provisions of the amendment would have: Increased penalties for failure to file certain information forms on time. Increased the required corporate estimated tax payments for corporations with assets of at least \$1 billion for payments due in the third quarter of 2012. **Rejected 13-22: R 13-0; D 0-22; I 0-0.**
- [Chairman Rangel, D-N.Y. Substitute Amendment — Ways and Means Description of Chairman's Amendment to H.R. 3996, JCT Description of Changes in Chairman's Amendment to H.R. 3996, JCT Estimated Revenue Effects of Chairman's Amendment H.R. 3996.](#) **Adopted by Voice Vote.**
- **Vote to Report:** Favorably Reported to the Full Committee, as Amended by a **Recorded Vote of 22-13: R 0-13; D 22-0; I 0-0.**

#### **CRS Reports:**

[RS22563](#): The Alternative Minimum Tax for Individuals: Legislative Initiatives in the 110th Congress

[RL32367](#): Certain Temporary Tax Provisions ('Extenders') Expiring in 2007

[RL33768](#): Major Tax Issues in the 110th Congress

[RS21682](#): The Tax Deduction for Classroom Expenses of Elementary and Secondary School Teachers

[RS22689](#): Taxation of Hedge Fund and Private Equity Managers

[RS22717](#): Taxation of Private Equity and Hedge Fund Partnerships: Characterization of Carried Interest

[RL30089](#): The Work Opportunity Tax Credit (WOTC)

#### **GAO Reports:**

(TBA)

#### **CBO Report:**

Cost Estimate: Ordered Reported by the Committee on Ways and Means

#### **Full Committee Hearing:**

[Hearing on Fair and Equitable Tax Policy for America's Working Families,](#)

**September 6, 2007**

[Hearing Advisory](#)

**Witness Testimony:****Panel One:**

[Leonard E. Burman, Ph.D.](#), Director, Urban-Brookings Tax Policy Center  
[Jason Furman](#), Director, The Hamilton Project, Brookings Institution  
[Douglas Holtz-Eakin](#), Senior Fellow, The Peterson Institute, and Former Director, Congressional Budget Office

**Panel Two:**

[Stephen E. Shay](#), Partner, Ropes & Gray LLP, Boston, Massachusetts  
[Leon M. Metzger](#), Former Vice Chairman and Chief Administration Officer of Paloma Partners Management Company  
[Janne G. Gallagher](#), Vice President & General Counsel, Council on Foundations  
[Suzanne Ross McDowell](#), Partner, Steptoe & Johnson LLP  
[Daniel J. Shapiro](#), Partner, Schulte, Roth & Zabel LLP, London, England

**Panel Three:**

[Peter R. Orszag](#), Director, Congressional Budget Office  
[C. Eugene Steuerle, Ph.D.](#), Co-Director, Urban-Brookings Tax Policy Center, and Former Deputy Assistant Secretary of the Treasury for Tax Analysis, Reagan Administration  
[Darryll K. Jones](#), Professor of Law, Stetson University College of Law, Gulfport, Florida  
[Victor Fleischer](#), Associate Professor of Law, University of Illinois College of Law, Champaign, Illinois  
[Mark P. Gergen](#), Professor of Law, The University of Texas School of Law, Austin, Texas  
[Jack S. Levin](#), Partner, Kirkland & Ellis LLP, Chicago, Illinois

**Panel Four:**

[Leo Hindery, Jr.](#), Managing Director, InterMedia Partners, New York, New York [William D. Stanfill](#), Founding Partner, TrailHead Ventures, Denver, Colorado  
[Orin S. Kramer](#), Chairman, New Jersey State Investment Council, New York, New York  
[Jonathan Silver](#), Managing Director, Core Capital Partners  
[Adam Ifshin](#), President, DLC Management Corp., Tarrytown, New York  
[Bruce Rosenblum](#), Managing Director, The Carlyle Group, and Chairman of the Board, Private Equity Council

**Organization Statements:**

List of Organizations Supporting H.R. 3996

Letters of Support for H.R. 3996

[Support Letter for PAYGO Compliance](#): Various Organizations

[Support Statement for PAYGO Compliance](#): Concord Coalition, CBPP, Committee for Economic Development and The Committee for a Responsible Federal Budget

**Administration Position:**

(TBA)

**Fact Sheets & Talking Points:**

Summary of HR 3996, Ways and Means Committee

Chairman Rangel's [letter](#) to Treasury Secretary Paulson challenging the Administration to outline its plan to reform the tax code

[Middle-Class Life Under Bush: Less Affordable and Less Secure](#), Democratic Policy Committee Report, October 26, 2007



**Press Releases, News Articles & Related Information:**

[Chairman Rangel Challenges Administration on Tax Reform: Where is your Plan?](#), Ways and Means Committee, November 2, 2007

[House Republicans Show their True Colors: Protecting Wall Street Millionaires Over Middle-Class Americans](#), Office of the Majority Leader, November 2, 2007

[Putting Children and Families First Democrats advance policies favorable to working families](#), Ways and Means Committee, November 1, 2007

[Ways And Means Passes Responsible Tax Relief Bill, Bill would keep AMT from hitting 23 million families, extend expiring provisions](#), Ways and Means Committee, November 1, 2007

Statement on HR 3996, Congressman Neal, Chairman of the Subcommittee on Select Revenue Measures,

[Reckless Borrowing Hurts America](#), *GOP should work to provide responsible tax relief to millions of working families*, Ways and Means Committee, November 1, 2007

[Ways And Means to Consider AMT Relief Bill](#), *Bill includes one year "patch" to keep AMT from hitting 23 million families, extends expiring provisions*, Ways and Means Committee, November 1, 2007

Updates can be found by visiting [http://www.majoritywhip.gov/whip\\_pack/](http://www.majoritywhip.gov/whip_pack/) throughout the week.